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Nonpartisan Services for Colorado's Legislature

SB 18-019

FISCAL NOTE

Drafting Number:	LLS 18-0229	Date:	January 11, 2018
Prime Sponsor(s):	Sen. Donovan; Coram Rep. Hansen; Arndt	Bill Status:	Senate Agriculture
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Bill Topic:	EXPANDED DURATION FOR CWRPDA REVOLVING LOANS
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Summary of Fiscal Impact:	<input type="checkbox"/> State Revenue <input type="checkbox"/> State Expenditure <input type="checkbox"/> State Transfer	<input type="checkbox"/> TABOR Refund <input type="checkbox"/> Local Government <input checked="" type="checkbox"/> Statutory Public Entity
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The bill removes the 20-year limitation on loans made by the Colorado Water Resources and Power Development Authority (CWRPDA) from the Water Pollution Control Revolving Fund. The CWRPDA is a statutory public entity and the bill has no state fiscal impact.

Appropriation Summary:	No appropriation is required.
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Fiscal Note Status:	This fiscal note reflects the introduced bill. The bill was recommended by the Water Resources Review Committee.
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Summary of Legislation

Under current law, loans made by the CWRPDA are limited to terms not to exceed 20 years after the completion of the water project. The bill removes the 20-year limitation on loans made by the CWRPDA from the Water Pollution Control Revolving Fund in compliance with the federal Clean Water Act, and the Drinking Water Revolving Fund in compliance with the federal Safe Drinking Water Act. Both federal acts allow for loan terms up to the lesser of 30 years or the projected useful life of the project.

Background

The CWRPDA was created by the General Assembly in 1981 as a political subdivision of the state governed by a nine-member board of directors. It provides low-cost financing to local governments and private operators of public water systems in Colorado, mainly for water and wastewater infrastructure development.

Statutory Public Entity Impact

This bill will have a fiscal impact to the CWRPDA which will depend on the number and size of projects funded, as well as the projected useful life of each project. Longer term loans will increase the interest and administrative fees earned by the CWRPDA and reduce loan capacity by obligating the funds for longer terms.

As an example, for every \$1.0 million in loan funds issued for a 30-year term instead of a 20-year term, the CWRPDA will receive approximately \$36,000 in additional interest on a loan with a 2.0 percent interest rate. The additional 10 years will increase administrative fees to the CWRPDA by \$80,000, or \$8,000 per year. The loan capacity is estimated to be reduced by \$18,500 per year, per \$1.0 million loaned.

Effective Date

The bill takes effect August 8, 2018, if the General Assembly adjourns on May 9, 2018, as scheduled, and no referendum petition is filed.

State and Local Government Contacts

Colorado Water Resources and Power Development Authority
Information Technology
Natural Resources
Public Health and Environment